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THE OUTLOOK FOR IRAQ

Submitted by the

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Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 4 June 1957. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, the Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside their jurisdiction.

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THE OUTLOOK FOR IRAQ

THE PROBLEM

To assess Iraq's prospects for stability and economic progress and its probable role in Arab and Middle East affairs over the next few years.

CONCLUSIONS

1. Iraq has emerged from the Suez crisis with its internal stability unimpaired and its policy of cooperation with the West unchanged. Use of reserves and borrowings from the Iraq Petroleum Company have enabled it to continue its economic development program despite the shutdown of the pipelines through Syria (now operating at about 50 percent of capacity). Recent developments have lessened Iraq's isolation from the other Arab states, especially Saudi Arabia and Jordan. (*Paras. 6-9*)

2. Iraq will probably retain its present political stability so long as Nuri Said remains active, either as premier or as the power behind the scene. However, undercurrents of opposition to the regime will probably require continuing reliance on authoritarian methods and, over the longer run, demands for broader participation in governmental affairs will probably become increasingly forceful. (*Paras. 10-11, 13*)

3. Political stability would probably decline if the 69-year-old Nuri were to dis-

appear from the scene. Although conservative elements are likely to retain control at least initially, the ruling group would probably be weakened by internal rivalries, and would probably face increased demands for reform and ultra-nationalist pressures both from within Iraq and from abroad. A successor regime might not be able to retain the present tight controls. (*Para. 12*)

4. Iraq's development program is just beginning to show tangible results, and future economic prospects remain bright. Although Iraq's economy could at present be endangered by new Syrian interference with the oil pipelines, this vulnerability could be reduced within the next few years by development of new pipelines and other alternate means of delivery. (*Paras. 14-16*)

5. Over the next few years Iraq will probably continue to consider its interests best served by maintaining close political, economic, and military relations with the West, even though its ties with Britain

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have been weakened and its reliance on US support correspondingly increased. However, Iraq's willingness to support Western policies and objectives in the Middle East will continue to be tempered by its sharing of general Arab aspirations and its desire to avoid becoming com-

pletely isolated from its fellow Arab states. On the central issue of Palestine, the Iraqis share the general Arab hostility toward Israel and will continue to demonstrate their loyalty to the Arab cause by anti-Israeli pronouncements or gestures. (*Paras. 17-23*)

DISCUSSION

IRAQ AND THE SUEZ CRISIS

6. Iraq continues to occupy a special position in the Arab world. Among the principal Arab states, Iraq alone has both extensive economic assets and a sound development program well underway. It has resisted the temptation to adopt an extreme nationalist policy and has retained close connections with the West. Iraq is the only major Arab state still having close ties with the UK and the only Arab member of the Baghdad Pact. Furthermore, its government has refused to accept Egypt's claim to leadership in the Arab world. Political control in Iraq remains in the hands of an established oligarchy of professional politicians, wealthy landlords, businessmen, and tribal leaders. The dominant political figure is the veteran prime minister, Nuri Said, who has the important backing of the Palace. Iraq's relatively high level of political and economic stability and its prospects for economic growth give it a potential importance out of proportion to its present five million population.

7. The Israel-French-UK invasion of Egypt imposed a severe strain on Iraq's foreign policy orientation. The success which Nasser had had in his political efforts to establish a militant nationalistic anti-Western bloc with Syria, Jordan, and Saudi Arabia had already isolated Iraq in the Arab world. Relations with Saudi Arabia were also affected by longstanding dynastic differences. With the outbreak of the hostilities against Egypt, the Nuri Said government came under violent attack for its continued association with the UK in the

Baghdad Pact. Egyptian and Syrian pressures against the Nuri regime increased. Ultranationalist and leftist demonstrations broke out after the invasion and continued intermittently until late December 1956. Syria's sabotage of the Iraq Petroleum Company (IPC) pipelines in November forced a virtual shutdown of most oil activities and cut off the source of about 68 percent of the government's revenues. Grumbling in Iraq over Nuri's suppression of opposition activities and his personal dominance over the government increased. In these circumstances, many moderate elements, including some army officers and even some of the prime minister's erstwhile supporters, felt that Nuri's long identification with the British and his sponsorship of the Baghdad Pact made him a liability.

8. Nuri felt compelled to make some gestures to offset the charges of treason to the Arab cause and the demands for withdrawal from the Baghdad Pact. The Iraqi government supported Egypt's case in the Suez controversy and emphasized its solidarity with the other Arabs in opposition to Israel. For a period of time Iraq took the initiative in excluding the British from Baghdad Pact meetings, and other aspects of Iraq's British connections were de-emphasized. However, Nuri made no real concessions and succeeded in riding out the storm by taking advantage of his firm hold on the army and on the machinery of government, his mastery of political maneuver, and the support of the Palace. Serious economic consequences from the virtual stoppage of oil revenues were avoided by utilizing reserves

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and by borrowing from IPC, thus allowing the development program to continue.¹

9. US condemnation of the attack on Egypt, the promulgation of the American Doctrine, and the US decision to join the military committee of the Baghdad Pact strengthened Nuri's foreign policy position both within Iraq and in area affairs. Day-to-day relations with the UK, including Baghdad Pact cooperation, are back to normal. For the moment the British tie has become a less sensitive issue, though British prestige and influence have suffered a net decline. Meanwhile, recent developments have decreased Iraq's isolation in the Arab world. The forces now in control in Jordan under King Hussein include those Jordanian elements most friendly to Iraq. The recent visit of King Saud to Baghdad appears to show at least a temporary submergence of the dynastic problem between Iraq and Saudi Arabia and a recognition of common interests. Relations with the controlling elements in Lebanon are friendly. More importantly, these countries appear to share a common apprehension of Egyptian interference in their internal affairs, of the growth of Soviet influence in the area, and of the rising influence of local Communists in Syria and Jordan.

INTERNAL POLITICAL PROSPECTS

10. The Iraqi government will continue to be a major target of Egyptian and Syrian propaganda attacks and subversive efforts. There is unlikely to be any notable decrease in the op-

¹ Although the sabotage of the IPC pipelines through Syria and the closure of the Suez Canal resulted in deficits in the regular and development budgets, Treasury and Development Board reserves totaling about \$350 million in fully convertible sterling allowed the government to cover these losses. The substantial restoration in oil shipments, coupled with an IPC combined advance and loan of \$70 million, should see the government on the way to full financial recovery by the end of the present Iraqi fiscal year (31 March 1958). While the Suez crisis caused a rise in consumer demand and an upward movement of prices, as well as some unemployment, the government's economic stabilization measures were generally effective. The total effect on the economy was thus limited, and there was little interference with normal economic activity.

position to the regime which exists among students, urban labor groups and, to a lesser extent, among professional people, military officers, and certain tribes. Elements among these groups are susceptible to the emotional appeal of Nasser as a champion of Arab interests against Israel and the "imperialists." Nuri finds it difficult to show the advantages of Iraq's policies in a way which has an equivalent appeal. The government will probably consider it necessary to continue strict limitations on political freedoms, including the ban on political parties. A certain amount of corruption in government ministries will be tolerated, and the strong conservative opposition will continue to delay tax and land tenure reforms designed to spread the economic development program's benefits.

11. Nevertheless Nuri appears to be well ensconced in power, and he will almost certainly continue to be a potent influence in the political scene — whether in or out of office — so long as he remains active. In addition to the support of a considerable body of Iraqi leaders, particularly tribal elements, Nuri now enjoys the backing of the Palace. Although Nuri may in time elect, as he has before, to step down as prime minister, his influence even out of office would remain predominant. His successor would probably be one of a small rather static circle of established political leaders who share his basic outlook and orientation. Under a new and presumably weaker premier, a considerable increase in political jockeying for position and overt opposition to the government would be likely. However, Nuri and the Palace would probably be able to prevent the situation from getting out of hand. Thus, a major threat to Iraq's stability and present orientation is unlikely to arise during Nuri's active life.

12. In the event that Nuri, now 69, were to die or become disabled within the next few years, conservative elements would probably retain control, at least initially. However, the departure of Iraq's dominant figure would release internal rivalries which are now either submerged or held in check by the prime minister's virtually unchallenged control. The relative strength of the conservative and mod-

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erate elements will continue to be threatened by growing political consciousness among urban groups and by peasant agitation for improved living conditions. Political instability would be likely to increase under a successor regime, which might not be able to retain such tight controls. The Communist Party, though now demoralized and ineffective as a result of firm repressive measures,² probably could under these circumstances develop increased capabilities for creating disturbances, and would seek to participate in political affairs, probably through forming fronts with other opposition groups. Extremist pressures from other Arab states would probably have a greater effect on internal Iraqi politics. The army, which has in recent years been remarkably nonpolitical by Middle Eastern standards, might emerge as an active factor in Iraqi politics.³

13. Over the longer run, the natural development of factors already present in Iraqi society will probably confront the present tightly controlled system of rule with increasingly forceful challenges by elements demanding a broadening of the base of public participation in governmental affairs. Moreover, the country's economic progress is likely to increase the force of such agitation for readjustments in the political system.

ECONOMIC PROSPECTS

14. Even though poverty, disease, and ignorance are still widespread, Iraq's agricultural and pastoral economy is relatively stable and its long range outlook is potentially bright. Assuming that the IPC oil pipelines across Syria are not cut again for any extended period or that alternative transport is developed, the rising demand for Middle Eastern oil should provide adequate revenues to finance Iraq's ambitious development plan. Seventy percent of Iraq's oil revenues are earmarked

² The Communist Party's leaders are in jail or in hiding, and its present numerical strength has been reduced to some 600 members and 2,000 active supporters. The party attracts its followers principally from the young urban intelligentsia and industrial workers in the port cities and oil industry centers.

³ See also paragraph 26.

for development expenditures, which are projected at more than \$1.4 billion for the period 1954-1960. The result of such development will probably be a marked increase in the standard of living. In an effort to correct the principal cause of poverty — inefficient use and uneven distribution of land — the Iraq Development Board is concentrating on irrigation, land reclamation and flood control projects rather than on industrialization. The Development Board — composed of the prime minister as chairman, the Minister of Finance as an *ex officio* member, and six non-political executive members, including one American and one Briton — received \$133 million of the oil revenues in 1956. Iraq also receives US technical assistance and will receive a modest increase in American aid as a result of the Richards Mission.

15. Following a long preparatory period, the development scheme is just beginning to have an impact on the public, and the Development Board is making some adjustments — as in building more low cost housing — to provide additional tangible evidence of progress. Some much needed flood control projects on the Tigris and Euphrates Rivers have already gone into operation, and the next few years will probably witness an expansion of health, educational, and other benefits both in the cities and in the countryside. Iraq will probably continue for some years in the unique situation of being underpopulated in relation to its land, water, oil, and mineral resources. Development plans provide for the extension or irrigation from the present 6.8 million acres to about 13.6 million acres, but unless presently unforeseen political developments result in a large influx of Palestinian Arab refugees, Iraq will for many years lack sufficient peasant manpower to take advantage of this situation. As economic growth continues, Iraq will also continue to feel a shortage of skilled and semiskilled labor, technicians, and managers which may slow the carrying out of the development program. Nevertheless, because of its stable government, its relatively effective development program, and its assured oil income, Iraq will almost certainly make more economic progress than any other Arab country.

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16. *Oil Developments.* The Syrian sabotage of the IPC pipeline and the growing importance of Middle East oil in the European economy have raised for active consideration the question of alternative routes for the shipment of Iraqi oil. Private Western interests are actively discussing the construction of additional pipelines. One would run through Turkey to the Mediterranean; another would run southward to the Persian Gulf and would possibly be linked with lines from Iran. These lines would require up to three years to build. Out of deference to Arab opinion the Iraqi government is unlikely to promote the Turkey pipeline project actively, and may balk at efforts to obtain international treaty guarantees regarding the uninterrupted flow of oil. However, Nuri Said has privately welcomed discussion of plans which would decrease his country's dependence on transport facilities through Arab states whose policies are now or may become hostile to Iraq. Development of additional fields in southern Iraq and port facilities on the Persian Gulf would permit greater oil exports. The IPC, which handles all Iraqi oil exports, enjoys good relations with Iraq. Under its basic agreements the IPC would have to adjust its arrangements in conformity with any important modification in concession terms in other Middle Eastern countries, especially in case of any breach of the general 50-50 profit sharing formula. However, barring a political upheaval in Iraq or a new tide of extreme nationalism throughout the area, nationalization of the company during the next few years appears improbable.

FOREIGN AFFAIRS OUTLOOK

17. Iraq will probably retain its present orientation in foreign affairs over the next few years. Most Iraqi leaders — including Nuri's most likely successors — recognize that maintenance of their personal positions and what they conceive to be the national interest is bound up with containment of extreme nationalist and revolutionary influences and with the continuation of Iraq's association with the West. These views have almost certainly been strengthened by the increasing sharpness of Egyptian propaganda attacks on the Nuri government over the last two years

and by recent indications that the US was prepared to take a more active role in the Middle East. Barring a sharp reduction in US and UK support, Iraq will probably continue to retain its special ties with the West and its distrust of the USSR. Iraq has no diplomatic relations and no formal trade relationships with the USSR or any member of the Bloc. In addition, Iraqi leaders will probably continue to feel a community of interest with the conservative pro-Western governments of Turkey, Iran, and Pakistan and with similarly oriented elements in Lebanon and other Arab states.

18. Iraq's willingness to cooperate with the West, however, will remain contingent on continuing Western material and diplomatic support. Iraq's leaders have certain bonds of sympathy with the West, but their pro-Westernism is based to a considerable degree on the expectation that they will obtain tangible benefits in return for their cooperation. They will almost certainly continue to press for continued and probably increased Western support, both diplomatic and material, for themselves and the Baghdad Pact organization. Should substantial backing not be forthcoming, their enthusiasm for the Western tie and their willingness to work closely with their Western partners will decline. Iraqi disillusionment would be particularly strong if Egypt and Syria appeared to be deriving substantially greater benefits from their Bloc connections than Iraq was getting from its Western ties.

19. Iraq will probably rely primarily on the US to provide this support. The British are once again being accepted within Iraq and will almost certainly retain political and military ties and important commercial connections for some time to come. However, the Suez crisis has sharpened popular resentment of the British presence and has impressed Iraqi leaders both with the political handicaps of special association with the UK and with the decline in Britain's worldwide power position.

20. Iraq's willingness to support Western policies and objectives in the Middle East will also continue to be tempered by its sharing

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of general Arab aspirations and its prudent desire to avoid becoming completely isolated from its fellow Arab states. This sensitivity to currents of opinion elsewhere in the Arab world would almost certainly increase in the event of Nuri's departure from the political scene. On the central issue of Palestine, the Iraqis share the general Arab hostility toward Israel and will continue to demonstrate their loyalty to the Arab cause by anti-Israeli pronouncements or gestures. Iraq, having withdrawn its troops, did not sign an armistice agreement with Israel in 1949, but the absence of a common boundary limits the opportunities for trouble between the two countries. There is little likelihood that Iraq would be willing to accept a sizable number of Palestinian refugees except as part of a generally agreed plan for their resettlement in the Arab states. Although Iraq will probably seek to avoid another outbreak of fighting between the Arab states and Israel, it would almost certainly not make a separate peace.

21. On North African and colonial issues, Iraq will probably continue to identify itself with the Afro-Asian countries. It is thus likely to continue its hostile attitude toward France. Even in Middle Eastern matters in which its own interests are similar to those of the US and the West, Iraq's attitude will depend to a considerable extent on its assessment of Arab reactions. Iraq's willingness to stand openly against Nasser will thus continue to be affected by variations in the latter's prestige and influence in the Arab states. If Nasser should find another opportunity to identify himself with Arab nationalism, as he did in the Suez crisis, Iraq would probably feel compelled to pay at least lip service to his cause.

22. So long as Egyptian and Syrian subversive pressures continue against Iraq and its neighbors, some form of collaboration between the "Three Kings" — Feisal of Iraq, Hussein of Jordan, and Saud — will probably continue, with the pro-Western element in Lebanon also associated with this grouping. Since the continued ascendancy of anti-Western elements in Syria poses a continuing threat to the IPC pipelines, as well as to the stability of the Iraqi government itself, Iraq will probably

continue to exert what influence it can toward the establishment of a friendly government in Syria. Iraq will continue to support King Hussein. Should his regime be overthrown by extremists and a breakup of Jordan appear imminent, however, Iraq would probably feel compelled to occupy adjacent Jordanian territory for the protection of its own interests. Iraq will also probably continue its quiet efforts to develop ties with the generally moderate governments of Libya, Tunisia, Morocco, and the Sudan. While there have occasionally been discussions of a "Greater Syria" comprised of Iraq, Syria, and Jordan, this is not an active factor in current Iraqi thinking.

23. Iraq's prospects for influence and leadership in Arab affairs will probably remain limited for some time to come. Despite its long-range growth potential, Iraq still lags far behind Egypt, its principal rival, in most visible aspects of national power and prestige, including population, military strength, press and radio propaganda facilities, and cultural influence. Also, King Saud may continue to harbor some suspicions regarding the Hashemites and is likely to be influenced against strong commitments to Iraq by a desire to smooth over inter-Arab differences and exercise greater leadership in his own right. Iraq's appeal in other Arab states will probably be diminished by the suspected subservience of its leadership to the West and by indecision and fumbling such as marked its policies with respect to Jordan and Syria.

MILITARY OUTLOOK

24. The Iraqi military forces, numbering about 56,000 men,⁴ are capable of maintaining in-

⁴The army is organized into three infantry divisions and various independent units, the most important being the Royal Bodyguard Brigade, three medium tank regiments (equivalent to US battalions), and four artillery battalions. The organization of a fourth division, armored, is planned.

The air force at present consists of five fighter bomber squadrons, including 28 jet fighter-bombers and 43 piston fighter-bombers. Its personnel strength is about 2,700, including 62

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ternal security and could probably defend the country against an attack by any neighboring Arab state. However, the capabilities of the Iraqi armed forces to contribute to defense against a major force are limited. In the event it were called upon to support operations outside Iraq, the Iraqi army would face severe logistic problems and would probably be incapable of keeping more than one division in an area of operations outside its borders without jeopardizing its ability to maintain internal security.⁵ The small air force is fairly well equipped, but poorly trained and supported.

25. Iraq is continuing to receive US and British equipment⁶ and training support, and the

trained pilots and about 450 pilot trainees. The air force has an ambitious four year plan for expansion.

The river force consisting of four river gunboats and 193 men, which is based at Basra, is used exclusively as a unit of the army.

For internal security purposes, the armed forces are supplemented by a mobile police force of some 4,000 men, organized into nine battalions, with headquarters in Baghdad.

⁵ As a result of the Jordanian crisis Iraqi forces at the H-3 pumping station, 40 miles from the Jordan border, have been increased to a division minus one brigade—about 5,000 men. However, even this limited deployment forward has placed considerable strain on Iraq's logistic system.

⁶ In the period 1954-1957 approximately \$45 million in US military aid has been programmed for Iraq, of which about \$17 million worth of equipment is being obtained through off-shore procurement, almost entirely in the UK. While the UK has recently given Iraq five jet fighters, its future plans for military aid to Iraq on an other than reimbursable basis are not clear at this time.

planning, proficiency, and training standards, as well as the equipment, of the army and air force will probably improve over the next few years. Moreover, Iraq will co-operate with the US and UK in area defense planning under the Baghdad Pact. However, for Iraqi forces to be improved to the point where they could make a substantial contribution to the area's defense against an aggressor would require several years of Western military assistance and training at considerably higher than present levels. The primary military value of Iraq to the "northern tier" will continue to lie in the availability of certain base facilities to the Western powers in the event of an emergency.

26. The Iraqi army is not directly involved in politics and will probably remain loyal to the regime over the next few years. Although pro-Nasser, pro-Communist, and anti-Nuri sentiments exist, especially among younger officers, dissident elements are not believed to be organized or politically capable of seizing the initiative against the present regime. In the event of Nuri Said's removal from the scene, the army would probably support a conservative successor, at least initially. However, if the internal situation should deteriorate seriously, the army would become more important as a factor and the active participation of military elements in political affairs would be likely. In such a contingency an unstable situation similar to that in Syria might develop, with a split between conservative and radical elements within the armed forces. Such a situation would almost certainly lead to increased efforts by Egypt, the Bloc, and other anti-Western elements to exploit the situation.

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